

**No. 29. An act relating to encouraging savings by participants in Reach Up and the Child Care Financial Assistance Program.**

(H.326)

It is hereby enacted by the General Assembly of the State of Vermont:

\* \* \* Findings \* \* \*

Sec. 1. FINDINGS

The General Assembly finds that:

(1) benefit cliffs, which occur when a family's loss of economic benefits outpaces the rate at which its earnings increase, have a detrimental impact on Vermont families;

(2) according to the 2016 article "Do Limits on Family Assets Affect Participation in, Costs of TANF?" by the Pew Charitable Trusts, raising or eliminating asset limits within the Temporary Assistance for Needy Families program (TANF) does not affect the number of monthly applicants to the program;

(3) according to the 2016 article "Low TANF Asset Limits Show No Cost or Caseload Benefits for State Programs" by the Pew Charitable Trusts, states experience a decrease in administrative costs when they raise or eliminate TANF asset tests;

(4) according to a 2014 article entitled "Relationships Between College Savings and Enrollment, Graduation, and Student Loan Debt," by the Center for Social Development, children in families that have few or no assets have lower academic achievement scores, high school graduation rates, college

enrollment rates, and college graduation rates than children in families with assets; and

(5) school-designated savings are more effective than basic savings in influencing college outcomes.

\* \* \* Reach Up \* \* \*

Sec. 2. 33 V.S.A. § 1103 is amended to read:

§ 1103. ELIGIBILITY AND BENEFIT LEVELS

\* \* \*

(c) The Commissioner shall adopt rules for the determination of eligibility for the Reach Up program and benefit levels for all participating families that include the following provisions:

\* \* \*

~~(5)(A) The value of assets accumulated from the earnings of adults and children in participating families and from any federal or Vermont earned income tax credit shall be excluded for purposes of determining continuing eligibility for the Reach Up program. The asset limitation shall be \$2,000.00~~  
\$9,000.00 for participating families for the purposes of determining initial and continuing eligibility for the Reach Up program, and the following savings accounts shall not be considered in the calculation for determining the asset limitation:

(i) a retirement account, such as an individual retirement arrangement (IRA), a defined contribution plan qualified under 26 U.S.C. § 401(k), or any similar account as defined in 26 U.S.C. § 408; and

(ii) a qualified child education savings account, such as the Vermont Higher Education Investment Plan, established in 16 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529.

(B) The value of assets accumulated from the earnings of adults and children in participating families and from any federal or Vermont earned income tax credit shall be excluded for purposes of determining continuing eligibility for the Reach Up program.

\* \* \*

\* \* \* Child Care Financial Assistance Program \* \* \*

Sec. 3. 33 V.S.A. § 3512 is amended to read:

§ 3512. ~~CHILD CARE SERVICES~~ FINANCIAL ASSISTANCE  
PROGRAM; ELIGIBILITY

(a)(1) ~~A~~ The Child Care Services Financial Assistance Program is established to subsidize, to the extent that funds permit, the costs of child care for families that need child care services in order to obtain employment, to retain employment, or to obtain training leading to employment. Families seeking employment shall not be entitled to participate in the Program for a period in excess of one month, unless that period is extended by the Commissioner.

(2) The subsidy authorized by this subsection shall be on a sliding scale basis. The scale shall be established by the Commissioner, by rule, and shall bear a reasonable relationship to income and family size. The lower limit of the fee scale shall include families whose gross income is up to and including 100 percent of the federal poverty guidelines. The upper income limit of the fee scale shall be neither less than 200 percent of the federal poverty guidelines nor more than 100 percent of the State median income, adjusted for the size of the family. The scale shall be structured so that it encourages employment.

(3) Earnings deposited in a qualified child education savings account, such as the Vermont Higher Education Investment Plan, established in 16 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529, shall be disregarded in determining the amount of a family's income for the purpose of determining continuing eligibility.

\* \* \*

\* \* \* Effective Date \* \* \*

#### Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

Date Governor signed bill: May 10, 2017